

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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3 WILLIAM A. MUNDELL  
4 Chairman  
5 JIM IRVIN  
6 Commissioner  
7 MARC SPITZER  
8 Commissioner

9 In the matter of:

10 **DAVID CARROLL LOACH**  
11 2237 E. Virginia Avenue  
12 Phoenix, Arizona 85006  
(CRD #1251138)

13 **GARY MILBURN LAHA**  
14 4311 W. Sweetwater Road  
15 Glendale, Arizona 85304  
16 (CRD #2210875)

17 Respondents.

) DOCKET NO. S-03476A-02-0000  
)  
) **NOTICE OF OPPORTUNITY FOR**  
) **HEARING REGARDING PROPOSED**  
) **ORDER TO CEASE AND DESIST, FOR**  
) **RESTITUTION AND ADMINISTRATIVE**  
) **PENALTIES, OF REVOCATION, AND**  
) **FOR OTHER AFFIRMATIVE ACTION**

18 **NOTICE: RESPONDENTS HAVE 10 DAYS TO REQUEST A HEARING**

19 The Securities Division ("Division") of the Arizona Corporation Commission ("Commission")  
20 alleges that respondents have engaged in acts, practices and transactions, which constitute violations of  
21 the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act"), and further alleges that facts  
22 exist which warrant revocation of each respondent's registration as a securities salesman in Arizona.

23 **I.**

24 **JURISDICTION**

25 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
26 Arizona Constitution and the Securities Act.

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**II.**

**RESPONDENTS**

2. Respondent David Carroll Loach (“LOACH”) became a registered securities salesman in Arizona on April 1, 1986. He was associated with American Express Financial Advisors, Inc. (“Amex”), from that date until his termination on August 21, 2001. LOACH’s last known address is 2337 East Virginia Avenue, Phoenix, Arizona 85006.

3. Respondent Gary Milburn Laha (“LAHA”) became a registered securities salesman in Arizona on March 5, 1992. He was associated with Amex from that date until his voluntary termination on or about September 6, 2001. His voluntary termination was effected while an Amex internal review of his activities was underway. LAHA was briefly associated with another dealer in January 2002, but he left that firm on January 31, 2002. LAHA’s application for Arizona registration in association with that firm was terminated without the registration having been approved, on February 5, 2002. LAHA’s last known address is 4311 West Sweetwater Road, Glendale, Arizona 85304.

4. Pursuant to A.R.S. § 44-1947(B), the registrations of LOACH and LAHA expired on December 31, 2001. Nonetheless, pursuant to A.R.S. §§ 44-1947(D) and 44-1963(D), the Commission has the power to suspend or revoke their registrations.

5. LOACH and LAHA may be referred to collectively, as “RESPONDENTS.”

**III.**

**FACTS**

6. Ecodom Corporation is an Arizona corporation, formed on October 17, 1996. At that time, the corporation’s name was Airzone International Corporation. It changed its name to Ecodom Corporation on April 1, 1999. In this Notice, the corporation will be called “Ecodom.” The last known address of Ecodom is 12629 North Tatum Boulevard, #135, Phoenix, Arizona 85032.

7. In or about January 1999, LOACH introduced LAHA to LOACH’s friend Zeev Tchetchik, the chief executive officer of Ecodom. The three men discussed raising capital for Ecodom, over the next several months.

1           8.     On or about August 2, 1999, LAHA offered and sold unregistered securities,  
2 specifically, Ecodom common stock, to at least one investor. This person invested \$25,000.00 in  
3 Ecodom.

4           9.     LAHA offered and sold such securities from Arizona.

5           10.    Ecodom paid LAHA a commission of \$2,500.00 as compensation for this sale,  
6 representing 10% of the amount the investor had paid for the Ecodom stock. Ecodom wrote two  
7 checks totaling \$2,500.00, payable to the order of LAHA, and LAHA endorsed these and deposited  
8 them into a personal checking account, which he owned jointly with his wife.

9           11.    During the period August 1999 through July 2001, LOACH offered and sold  
10 unregistered securities, specifically, Ecodom common stock, to at least 15 investors. These persons  
11 invested a total of \$845,800.00 in Ecodom.

12          12.    LOACH offered and sold such securities, within or from Arizona.

13          13.    Ecodom paid LOACH commissions totaling \$6,000.00 on account of his sales of  
14 Ecodom common stock, between August 1999 and January 2000. Ecodom wrote four checks totaling  
15 \$6,000.00, payable to the order of LOACH, and LOACH endorsed these and deposited them into his  
16 personal bank account.

17          14.    During the year 2000, and continuing until July 2001, LOACH agreed to continue,  
18 and did continue raising capital for Ecodom while foregoing current compensation for his efforts.  
19 Ecodom and LOACH agreed that the earned but unpaid commissions were loans from LOACH to  
20 Ecodom.

21          15.    In or about August 2001, LOACH initiated a call to an Amex executive and reported  
22 his selling activity with respect to Ecodom common stock, to Amex.

23          16.    The investors who bought Ecodom common stock have received no dividends or other  
24 returns on their investments.

25          17.    Neither LOACH nor LAHA sought or received approval from their dealer, Amex, to  
26 engage in offering or selling Ecodom common stock.

18. Neither LOACH nor LAHA reported any of their sales of Ecodom common stock to Amex, and consequently such sales were not recorded on the books and records of the dealer with which they were associated at the time of the sales.

20. During 1999-2001, both LOACH and LAHA signed and delivered to Amex, one or more Outside Activities Disclosure Forms. Neither LOACH nor LAHA disclosed to Amex their involvement in offering and selling Ecodom common stock, or the compensation they received from Ecodom, on such forms or otherwise, until LOACH's telephone call in August 2001.

#### IV.

## VIOLATION OF A.R.S. § 44-1841

**(Offer or Sale of Unregistered Securities)**

21. On or about August 2, 1999, respondent LAHA offered and sold, and from August 1999 through July 2001, respondent LOACH offered and sold, securities in the form of common stock of Ecodom Corporation, within or from Arizona.

22. The securities referred to above were not registered pursuant to the provisions of Article 6 or Article 7 of the Securities Act.

23. This conduct violates A.R.S. § 44-1841.

**V.**

## REVOCATION OR SUSPENSION PURSUANT TO A.R.S. § 44-1962

**(Denial, Revocation or Suspension of Registration of Salesman)**



5. Order the revocation of LAHA's registration as a securities salesman pursuant to A.R.S. § 44-1962; and

VII.

Each RESPONDENT may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. A request must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Each RESPONDENT must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at [www.cc.state.az.us/utility/forms/index.htm](http://www.cc.state.az.us/utility/forms/index.htm).

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Shelly M. Hood, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us). Requests should be made as early as possible to allow time to arrange the accommodation.

Victor Rodarte  
Assistant Director of Securities

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